

Message Text

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DRAFTED BY EUR/CE:RCASAGRANDE:EM

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FM SECSTATE WASHDC

TO AMEMBASSY BERN

INFO AMCONSUL ZURICH

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E.O. 11652: NA

TAGS: CFED, SZ

SUBJECT: FACILITATIVE ASSISTANCE TO SEC

REF; BERN 4753

1. RE PARA 2 REFTTEL, FOLLOWING IS VERBATIM TEXT OF LETTER
RECEIVED IN EUR/CE FROM LOS ANGELES REGIONAL OFFICE OF
SEC: BEGIN TEXT:

"RE; THE ASHLAR CORPORATION, INTERNATIONAL ECONOMIC ASSOC./
SECUREWORTH, LONDON, LA-204

DEAR MR. CASAGRANDE:

"WE WISH TO THANK YOU FOR THE RECENT ASSISTANCE WHICH THE
DEPARTMENT OF STATE HAS PROVIDED US IN CONNECTION WITH OUR
ONGOING INVESTIGATION OF THE ABOVE-CAPTIONED MATTER. WE
WOULD LIKE TO ENLIST YOUR CONTINUED ASSISTANCE IN ATTEMPT-
ING TO OBTAIN SUPPORTING EVIDENCE FOR SOME OF THE STATE-
MENTS MADE UNDER OATH BY WITNESSES BEFORE MEMBERS OF OUR
STAFF.

"AS YOU ARE AWARE, THE U.S. SECURITIES AND EXCHANGE
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COMMISSION HAS ORDERED ITS STAFF, PURSUANT TO AN ORDER OF

PRIVATE INVESTIGATION, TO CONDUCT AN INQUIRY FOR THE PURPOSE OF DETERMINING WHETHER THE ABOVE NAMED ORGANIZATIONS AND CERTAIN OTHER ORGANIZATIONS AND INDIVIDUALS HAVE PURSUED AND ARE PURSUING A FRAUDULENT COURSE OF CONDUCT IN VIOLATION OF THE FEDERAL SECURITIES LAWS.

"DURING THE COURSE OF OUR INVESTIGATION, CERTAIN WITNESSES HAVE STATED THAT THEY HAVE FUNDS AVAILABLE TO THEM WHICH ARE ON DEPOSIT IN BANKING ACCOUNTS IN SWITZERLAND. THESE RESOURCES ARE CLAIMED TO AMOUNT TO MANY MILLIONS OF U.S. DOLLARS. WE BELIEVE, AMONG OTHER THINGS, THAT THE SUBJECTS OF OUR INVESTIGATION DO NOT HAVE IN THEIR POSSESSION NOR DO THEY HAVE ACCESS TO RESOURCES SUFFICIENT TO PAY FOR SECURITIES FOR WHICH ORDERS HAVE BEEN PLACED IN THE U.S. SECURITIES MARKETS. MANY OF THE TRANSACTIONS ENTERED BY THESE INDIVIDUALS ARE PURCHASES IN THE 500,000 TO 1,000,000 DOLLAR RANGE AND, IN THE AGGREGATE, RESULT IN CONTINUING OBLIGATIONS WHICH TOTAL MILLIONS OF DOLLARS.

"THE INDIVIDUALS WERE ASKED WHY THEY HAD NOT BEEN PAYING FOR THESE PURCHASES WHILE CLAIMING TO HAVE VERY SUBSTANTIAL RESOURCES AVAILABLE. CERTAIN DEFENDANTS HAVE STATED TO US THAT THEY WOULD HAVE PAID FOR THEIR PURCHASE FROM RESOURCES IN SUISSE BANK ACCOUNTS EXCEPT FOR RESTRICTIONS WHICH THE SUISSE BANKING AUTHORITIES HAD IMPOSED ON THE TRANSFER OF CREDITS AND DEPOSITS TO BANKS LOCATED IN THE U.S. THESE INDIVIDUALS CLAIM THAT THEY HAD INSTRUCTED BANQUE EXCEL TO TRANSFER CREDITS AND DEPOSITS TO EITHER THE BANK OF AMERICA (SAN LUIS OBISPO BRANCH) AND/OR THE BANK OF CALIFORNIA (LOS ANGELES-MAIN OFFICE BRANCH).

"WE HAVE BEEN ADVISED SPECIFICALLY THAT IN AUGUST OF THIS YEAR AN INITIAL LETTER OF CREDIT FROM BANQUE EXCEL TO EITHER THE BANK OF AMERICA OR THE BANK OF CALIFORNIA IN THE AMOUNT OF 250,000 DOLLARS WAS NOT EFFECTED BECAUSE OF RESTRICTIONS IMPOSED BY SUISSE AUTHORITIES. FURTHER, LIMITED OFFICIAL USE

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WE RE ADVISED THAT A SUBSEQUENT ATTEMPT TO TRANSFER 500,000 DOLLARS FROM THIS SAME BANK WAS NOT EFFECTED BECAUSE OF RESTRICTIONS IMPOSED BY THE SUISSE AUTHORITIES. WE HAVE NOT, TO DATE, BEEN ABLE TO VERIFY WHETHER SUCH FUNDS ARE AVAILABLE AND WOULD HAVE BEEN TRANSFERRED EXCEPT FOR THE EXISTENCE OF SUISSE BANKING COMMISSION REGULATIONS AND/OR RESTRICTIONS.

"BECAUSE WE HAVE NOT BEEN ABLE TO OBTAIN ANY DOCUMENTS THAT WOULD TEND TO SUPPORT THE CLAIMS MADE BY THESE INDIVIDUALS, WE ARE SEEKING YOUR ASSISTANCE. WE ARE PARTICULARLY CONCERNED THAT THESE INDIVIDUALS HAVE IMPUGNED THE SUISSE AUTHORITIES BY INDICATING THAT THEY WOULD HAVE PAID FOR THEIR TRANSACTIONS EXCEPT FOR THE FACT THAT THE SUISSE AUTHORITIES HAVE IMPOSED RESTRICTIONS ON TRANSFERS OF FUNDS APPARENTLY ON THE BASIS THAT THE BANKS HAVE SOME OWNERSHIP CONNECTION, THEREBY THWARTING THE ABILITY FOR PAYMENT TO BE MADE. SINCE THESE ALLEGATIONS APPEAR TO BE CONTRADICTORY TO OUR SOMEWHAT LIMITED KNOWLEDGE OF SUISSE BANKING PRACTICES AND POLICIES, WE ARE ATTEMPTING, INDEPENDENTLY, TO DETERMINE WHETHER THERE IS ANY BASIS IN FACT FOR THESE ALLEGATIONS.

"ANY ASSISTANCE WHICH THE DEPARTMENT MIGHT BE ABLE TO RENDER THROUGH COOPERATIVE EFFORTS WITH THE SUISSE AUTHORITIES WOULD BE GREATLY APPRECIATED. AS I HAVE INDICATED, WE TRULY APPRECIATE YOUR EFFORTS TO DATE AND WE LOOK FORWARD TO ANY ADDITIONAL ASSISTANCE WHICH WE MAY BE ABLE TO OBTAIN FROM THIS COOPERATIVE EFFORT.

"WITH THANKS AND ALL BEST WISHES I REMAIN, SINCERELY
YOURS, J. RICHARD TUCKER, ASSISTANT REGIONAL
ADMINISTRATOR.; END TEXT

2. RE ABOVE VERBATIM TEXT, SUBSTITUTE CORRECT WORD QUOTE
SWISS UNQUOTE FOR SUISSE WHERE LATTER WORD OCCURS. ROBINSON

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